

AMENDED IN ASSEMBLY APRIL 1, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 870

Introduced by Assembly Member Strickland
(Coauthor: Assembly Member Levine)

February 20, 2003

An act to amend Sections 19412 and 19601 of, and to add Section 19610.8 to, Section 19604 of the Business and Professions Code, relating to horse racing, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 870, as amended, Strickland. Horse racing: ~~proposition wagers~~ advance deposit wagering.

Existing law provides that an advance deposit wager is a method of making a parimutuel wager in which a person in California or elsewhere establishes an account with a licensee, betting system, or multijurisdictional wagering hub, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the entity holding the account to place wagers on the account owner's behalf. Existing law authorizes any racing association or fair to accept advance deposit wagers, or to allow these wagers through a betting system or multijurisdictional wagering hub, during the calendar period of its live racing meeting upon approval by the California Horse Racing Board, and to form partnerships, joint ventures, or any other affiliation to further this purpose. Existing law requires the board to develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for licensees, betting systems, and multijurisdictional wagering hubs located in California.

This bill would require the board to encourage, to the extent practical and feasible, the creation and retention of jobs for persons residing in this state when developing rules and regulations for the operation of advance deposit wagering.

~~(1) For the purpose of the Horse Racing Law, existing law defines “conventional parimutuel pool” and “exotic parimutuel pool” and allows conventional and exotic wagers, as defined, to be placed on all forms of horse racing. Existing law also defines “proposition parimutuel pool” as the total wagers under the parimutuel system on propositions approved by the California Horse Racing Board that are based on the results of a live quarter horse race.~~

~~This bill would instead define “proposition parimutuel pool” as the total wagers under the parimutuel system on propositions approved by the California Horse Racing Board that are based on the results of any live horse race, and thus would allow proposition wagers to be made on all live horse races.~~

~~(2) Existing law provides that the total wagers made in a proposition parimutuel pool are subject to the same license fee as exotic wagers made on live quarter horse races, and that commissions and purses shall be distributed in the amounts mutually agreed upon by the association and the organization representing horsemen and horsewomen.~~

~~This bill would provide that the total percentage deducted from a proposition parimutuel pool shall be 10% of the total amount handled for those wagers, or, at the request of the association accepting the wager and with the approval of the board, any other percentage deducted in accordance with a provision of the Horse Racing Law. The bill would provide that the state license fee applicable to out-of-state proposition wagers shall be equal to that applicable to exported races generally, and that the state license fee applicable to in-state proposition wagers shall be the lesser of 0.5% of the total amount handled or the license fee applicable to races conducted by the association at its own meeting. The bill would provide that an additional 2% of the total amount handled on proposition wagers made at a satellite wagering facility shall be paid to that facility as a commission for the right to do business. The bill would provide that after the distribution of funds for breeder awards, as specified, and the payment of the license fee and facility commission, the remaining takeout shall be distributed equally as commissions and purses.~~

~~(3) Existing law provides that a licensed association or fair that is conducting a live racing meeting in any zone may accept wagers on any~~

~~race conducted in this state, provided that specified conditions are met, including a condition that wagering is offered only within the association or fair's racing inclosure or within the satellite wagering facility, and only within 7 days of the commencement of the racing program with the transmitted race.~~

~~This bill would delete this 7-day limit on wagering. This bill would also make technical, nonsubstantive changes to these provisions.~~

~~(4) Under existing law, all revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.~~

~~By expanding the definition of "proposition parimutuel wagering" to apply to additional forms of horse racing, and by removing an existing restriction on out-of-zone wagers, this bill would authorize additional wagering, and would increase the amount of continuously appropriated license fees, thereby making an appropriation.~~

~~Vote: $\frac{2}{3}$ majority. Appropriation: yes no. Fiscal committee: yes. State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 19412 of the Business and Professions~~
 2 ~~SECTION 1. Section 19604 of the Business and Professions~~
 3 ~~Code is amended to read:~~

4 19604. Notwithstanding any other provision of law, in
 5 addition to parimutuel wagering otherwise authorized by this
 6 chapter, advance deposit wagering may be conducted upon
 7 approval of the board. The board may authorize any racing
 8 association or fair, during the calendar period it is licensed by the
 9 board to conduct a live racing meeting in accordance with the
 10 provisions of Article 4 (commencing with Section 19480), to
 11 accept advance deposit wagers or to allow these wagers through
 12 a betting system or a multijurisdictional wagering hub in
 13 accordance with the following:

14 (a) Racing associations and racing fairs may form a
 15 partnership, joint venture, or any other affiliation in order to
 16 further the purposes of this section.

17 (b) As used in this section, "advance deposit wagering" means
 18 a form of parimutuel wagering in which a person residing within

1 California or outside of this state establishes an account with a
2 licensee, a board-approved betting system, or a board-approved
3 multijurisdictional wagering hub located within California or
4 outside of this state, and subsequently issues wagering instructions
5 concerning the funds in this account, thereby authorizing the entity
6 holding the account to place wagers on the account owner's behalf.
7 An advance deposit wager may be made only by the entity holding
8 the account pursuant to wagering instructions issued by the owner
9 of the funds communicated by telephone call or through other
10 electronic media. The licensee, a betting system, or a
11 multijurisdictional wagering hub shall ensure the identification of
12 the account's owner by utilizing methods and technologies
13 approved by the board. Further, at the request of the board, any
14 licensee, betting system, or multijurisdictional wagering hub
15 located in California, and any betting system or multijurisdictional
16 wagering hub located outside of this state that accepts wagering
17 instructions concerning races conducted in California or accepts
18 wagering instructions from California residents, shall provide a
19 full accounting and verification of the source of the wagers thereby
20 made, including the zone and breed, in the form of a daily
21 download of parimutuel data to a database designated by the board.
22 Additionally, when the board approves a licensee, a betting
23 system, or a multijurisdictional wagering hub, whether located
24 within California or outside of this state, to accept advance deposit
25 wagering instructions on any race or races from California
26 residents, the licensee, betting system, or multijurisdictional
27 wagering hub may be compensated pursuant to a contractual
28 agreement with a California licensee, in an amount not to exceed
29 6.5 percent of the amount handled on a race or races conducted in
30 California, and in the case of a race or races conducted in another
31 jurisdiction, may be compensated in an amount not to exceed 6.5
32 percent, plus a fee to be paid to the host racing association not to
33 exceed 3.5 percent, of the amount handled on that race or races.
34 The amount remaining after the payment of winning wagers and
35 after payment of the contractual compensation and host fee, if any,
36 shall be distributed as a market access fee in accordance with
37 subdivision (g). As used in this section, "market access fee"
38 means the contractual fee paid by a betting system or
39 multijurisdictional wagering hub to the California licensee for
40 access to the California market for wagering purposes. As used in

1 this section, “licensee” means any racing association or fair, or
2 affiliation thereof authorized in subdivision (a).

3 (c) (1) The board shall develop and adopt rules to license and
4 regulate all phases of operation of advance deposit wagering for
5 licensees, betting systems, and multijurisdictional wagering hubs
6 located in California. Betting systems and multijurisdictional
7 wagering hubs located and operating in California shall be
8 approved by the board prior to establishing advance deposit
9 wagering accounts or accepting wagering instructions concerning
10 those accounts and shall enter into a written contractual agreement
11 with the bona fide labor organization that has historically
12 represented the same or similar classifications of employees at the
13 nearest horse racing meeting. Permanent state or county
14 employees and nonprofit organizations that have historically
15 performed certain services at county, state, or district fairs may
16 continue to provide those services, notwithstanding this
17 requirement. *In developing rules and regulations for the operation*
18 *of advance deposit wagering, the board shall encourage, to the*
19 *extent practical and feasible, the creation and retention of jobs for*
20 *persons residing in this state.*

21 (2) The board shall develop and adopt rules and regulations
22 requiring betting systems and multijurisdictional wagering hubs to
23 establish security access policies and safeguards, including, but
24 not limited to, the following:

25 (A) The betting system or wagering hub shall utilize the
26 services of a board-approved independent third party to perform
27 identity, residence, and age verification services with respect to
28 persons establishing an advance deposit wagering account.

29 (B) The betting system or wagering hub shall utilize personal
30 identification numbers (PINs) and other technologies to assure
31 that only the accountholder has access to the advance deposit
32 wagering account.

33 (C) The betting system or wagering hub shall provide for
34 withdrawals from the wagering account only by means of a check
35 made payable to the accountholder and sent to the address of the
36 accountholder or by means of an electronic transfer to an account
37 held by the verified accountholder or the accountholder may
38 withdraw funds from the wagering account at a facility approved
39 by the board by presenting verifiable personal and account
40 identification information.

(D) The betting system or wagering hub shall allow the board access to its premises to visit, investigate, and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(d) As used in this section, a “multijurisdictional wagering hub” is a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(e) As used in this section, a “betting system” is a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(f) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board to conduct advance deposit wagering, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool of the host racing association or fair under a contractual agreement with the applicable California licensee, in accordance with the provisions of this chapter.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(g) The amount received as a market access fee from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of

1 Industrial Relations to cover costs associated with audits
2 conducted pursuant to Section 19526 and for the purposes of
3 reimbursing the State Mediation and Conciliation Service for costs
4 incurred pursuant to this bill. However, if that amount would
5 exceed the costs of the Department of Industrial Relations, the
6 amount distributed to the department shall be reduced, and that
7 reduction shall be forwarded to an organization designated by the
8 racing association or fair described in subdivision (a) for the
9 purpose of augmenting a compulsive gambling prevention
10 program specifically addressing that problem.

11 (3) An amount equal to 0.00165 multiplied by the amount
12 handled on advance deposit wagers that originate in California for
13 each racing meeting shall be distributed as follows:

14 (A) One-half of the amount shall be distributed to supplement
15 the trainer-administered pension plans for backstretch personnel
16 established pursuant to Section 19613. Moneys distributed
17 pursuant to this subparagraph shall supplement, and not supplant,
18 moneys distributed to that fund pursuant to Section 19613 or any
19 other provision of law.

20 (B) One-half of the amount shall be distributed to the welfare
21 fund established for the benefit of horsemen and backstretch
22 personnel pursuant to subdivision (b) of Section 19641. Moneys
23 distributed pursuant to this subparagraph shall supplement, and
24 not supplant, moneys distributed to that fund pursuant to Section
25 19641 or any other provision of law.

26 (4) With respect to wagers on each breed of racing that
27 originate in California, an amount equal to 2 percent of the first
28 two hundred fifty million dollars (\$250,000,000) of handle from
29 all advance deposit wagers originating from within California
30 annually, an amount equal to 1.5 percent of the next two hundred
31 fifty million dollars (\$250,000,000) of handle from all advance
32 deposit wagers originating from within California annually, and an
33 amount equal to 1 percent of handle from all advance deposit
34 wagers originating from within California in excess of five
35 hundred million dollars (\$500,000,000) annually, shall be
36 distributed as satellite wagering commissions. The satellite
37 wagering facility commissions calculated in accordance with this
38 subdivision shall be distributed to each satellite wagering facility
39 and racing association or fair in the zone in which the wager
40 originated in the same relative proportions that the satellite

1 wagering facility or the racing association or fair generated
2 satellite commissions during the previous calendar year. For
3 purposes of this section, the purse funds distributed pursuant to
4 Section 19605.72 shall be considered to be satellite wagering
5 facility commissions attributable to thoroughbred races at the
6 locations described in that section.

7 (5) With respect to wagers on each breed of racing that
8 originate in California for each racing meeting, after the payment
9 of contractual obligations to the licensee, the betting system, or the
10 multijurisdictional wagering hub, and the distribution of the
11 amounts set forth in paragraphs (1) through (4), inclusive, the
12 amount remaining shall be distributed to the racing association or
13 fair that is conducting live racing on that breed during the calendar
14 period in the zone in which the wager originated, and this amount
15 shall be allocated to that racing association or fair as commissions,
16 to horsemen participating in that racing meeting in the form of
17 purses, and as incentive awards, in the same relative proportion as
18 they were generated or earned during the prior calendar year at that
19 racing association or fair on races conducted or imported by that
20 racing association or fair after making all deductions required by
21 applicable law. Purse funds generated pursuant to this section may
22 be utilized to pay 50 percent of the total costs and fees incurred due
23 to the implementation of advance deposit wagering. “Incentive
24 awards” shall be those payments provided for in Sections 19617.2,
25 19617.7, 19617.8, 19617.9, and 19619. The amount determined to
26 be payable for incentive awards shall be payable to the applicable
27 official registering agency and thereafter distributed as provided
28 in this chapter. If the provisions of Section 19601.2 apply, then the
29 amount distributed to the applicable racing associations or fairs
30 from advance deposit wagering shall first be divided between
31 those racing associations or fairs in direct proportion to the total
32 amount wagered in the applicable zone on the live races conducted
33 by the respective association or fair. Notwithstanding this
34 requirement, when the provisions of subdivision (b) of Section
35 19607.5 apply to the 2nd District Agricultural Association in
36 Stockton or the California Exposition and State Fair in
37 Sacramento, then the total amount distributed to the applicable
38 racing associations or fairs shall first be divided equally, with 50
39 percent distributed to applicable fairs and 50 percent distributed to
40 applicable associations. For purposes of this subdivision, the zones

1 of the state shall be as defined in Section 19530.5, except as
2 modified by the provisions of subdivision (f) of Section 19601,
3 and the combined central and southern zones shall be considered
4 one zone.

5 Notwithstanding any provision of this section to the contrary,
6 the distribution of the market access fee, other than the
7 distributions specified in paragraph (1) or (2), may be altered upon
8 the approval of the board, in accordance with an agreement signed
9 by all parties receiving a distribution under paragraphs (4) and (5).

10 (h) Notwithstanding any provisions of this section to the
11 contrary, all funds derived from advance deposit wagering that
12 originate from California for each racing meeting on out-of-state
13 and out-of-country thoroughbred races conducted after 6 p.m.,
14 Pacific time, shall be distributed in accordance with this
15 subdivision. With respect to these wagers, 50 percent of the
16 amount remaining after the payment of contractual obligations to
17 the multijurisdictional wagering hub, betting system, or licensee
18 and the amounts set forth in paragraphs (1) through (5), inclusive,
19 of subdivision (g) shall be distributed as commissions to
20 thoroughbred associations and racing fairs, as thoroughbred and
21 fair purses, and as incentive awards in accordance with subdivision
22 (g), and the remaining 50 percent, together with all funds derived
23 for each racing meeting from advance deposit wagering
24 originating from California out-of-state and out-of-country
25 harness and quarter horse races conducted after 6 p.m., Pacific
26 time, shall be distributed as commissions on a pro rata basis to the
27 applicable licensed quarter horse association and the applicable
28 licensed harness association, based upon the amount handled
29 instate, both on- and off-track, on each breed's own live races in
30 the previous year by that association, or its predecessor
31 association. One-half of the amount thereby received by each
32 association shall be retained by that association as a commission,
33 and the other half of the money received shall be distributed as
34 purses to the horsemen participating in its current or next
35 scheduled licensed racing meeting.

36 (i) Notwithstanding any provisions of this section to the
37 contrary, all funds derived from advance deposit wagering which
38 originate from California for each racing meeting on out-of-state
39 and out-of-country nonthoroughbred races conducted before 6
40 p.m., Pacific time, shall be distributed in accordance with this

1 subdivision. With respect to these wagers, 50 percent of the
2 amount remaining after the payment of contractual obligations to
3 the multijurisdictional wagering hub, betting system, or licensee
4 and the amounts set forth in paragraphs (1) through (5), inclusive,
5 of subdivision (g) shall be distributed as commissions as provided
6 in subdivision (h) for licensed quarter horse and harness
7 associations, and the remaining 50 percent shall be distributed as
8 commissions to the applicable thoroughbred associations or fairs,
9 as thoroughbred and fair purses, and as incentive awards in
10 accordance with subdivision (g).

11 (j) A racing association, a fair, or a satellite wagering facility
12 may accept and facilitate the placement of any wager from a patron
13 at its facility that a California resident could make through a
14 betting system or multijurisdictional wagering hub duly offering
15 advance deposit wagering in this state, and the facility accepting
16 the wager shall receive a 2-percent commission on that wager in
17 lieu of any distribution for satellite commissions pursuant to
18 subdivision (g).

19 (k) Any disputes concerning the interpretation or application of
20 this section shall be resolved by the board.

21 This section shall remain in effect only until January 1, 2008,
22 and as of that date is repealed, unless a later enacted statute, that
23 is enacted before January 1, 2008, deletes or extends that date.

24 ~~Code is amended to read:~~

25 ~~19412. (a) "Conventional parimutuel pool" means the total~~
26 ~~wagers under the parimutuel system on any horse or horses in a~~
27 ~~particular race to win, place, or show.~~

28 ~~(b) "Exotic parimutuel pool" means the total wagers under the~~
29 ~~parimutuel system on the finishing position of two or more horses~~
30 ~~in a particular race, such as quiniela or exacta wagers, or on horses~~
31 ~~to win two or more races, such as daily double wagers, pick six~~
32 ~~wagers, or on other wagers approved by the board.~~

33 ~~(c) "Proposition parimutuel pool" means the total wagers~~
34 ~~under the parimutuel system on propositions approved by the~~
35 ~~board that are based on the results of a live horse race.~~

36 ~~SEC. 2. Section 19601 of the Business and Professions Code~~
37 ~~is amended to read:~~

38 ~~19601. (a) Notwithstanding any other provision of law, a~~
39 ~~licensed association or fair that is conducting a live meeting in any~~

1 racing zone may accept wagers on any race conducted in this state;
2 if all of the following requirements are met:

3 (1) The association or fair that conducts the racing meeting and
4 the organization that is responsible for negotiating purse
5 agreements on behalf of the horsemen participating in that racing
6 meeting consent to the acceptance of the wagers. However, if
7 consent is withheld, any party may appeal the withholding of
8 consent to the board, which may determine that consent is not
9 required.

10 (2) The association or fair conducts not less than eight races on
11 days when the association or fair is licensed to conduct racing;
12 except that fewer than eight live races per day may be conducted
13 by the mutual agreement of the association or fair and the
14 organization that is responsible for negotiating purse agreements
15 on behalf of the horsemen participating in the racing meeting.

16 (3) Wagering is offered only within the association's or fair's
17 racing inclosure or within the satellite wagering facility.

18 (4) All wagers are included in the appropriate parimutuel pool
19 at the racetrack of the association or fair where the race is
20 conducted, or, in the appropriate parimutuel pool of the racetrack
21 of the association or fair that accepts the transmitted race.

22 (5) The association or fair accepting wagers on an out-of-zone
23 transmitted race distributes the audiovisual signal of the race to,
24 and accepts wagers from, all eligible satellite wagering facilities.

25 (b) Any association or fair accepting wagers under subdivision
26 (a) shall deduct, from the total amount handled in each
27 conventional and exotic parimutuel pool on the transmitted race,
28 the same percentages deducted pursuant to Article 9.5
29 (commencing with Section 19610) for races at its own meeting.
30 However, if the wagers are from a quarter horse race meeting, then
31 the amounts deducted shall be the same as for a quarter horse race
32 meeting. Amounts deducted under this section, including amounts
33 deducted from wagers on out-of-zone races within the inclosure of
34 the association or fair, shall be distributed as provided under
35 Sections 19605.7, 19605.72, and 19605.73 with respect to wagers
36 made within the northern zone, or Sections 19605.71, 19605.72,
37 and 19605.73 with respect to wagers made within the central or
38 southern zone, except that amounts distributed for purposes other
39 than state license fees and fees payable to the Center for Equine
40 Health, School of Veterinary Medicine, University of California

1 at Davis, and the California Animal Health and Food Safety
2 Laboratory shall be proportionally reduced by the amount of any
3 fees paid to the Triple Crown or Breeder's Cup day host
4 association pursuant to subdivision (c). The method used to
5 calculate the reduction in proportionate share shall be approved by
6 the board. For wagers on out-of-state and out-of-country races
7 made within the association's or fair's inclosure, 1 percent shall be
8 distributed to the association or fair as a satellite wagering facility
9 commission.

10 (c) Nothing in this section precludes an association or fair from
11 charging a fee as a condition of transmitting the Triple Crown or
12 Breeder's Cup day races, except that any fee shall be allocated
13 among all associations, fairs, and satellite wagering facilities
14 receiving the transmitted race in proportion to the amount wagered
15 at each location, and the fee shall equal that charged by the entity
16 conducting the race or races. Further, the only fee that can be
17 charged as a condition of transmitting the signal of an out-of-zone
18 race shall be a fee of 2.5 percent on Breeder's Cup day races.

19 (d) All breakage and unclaimed tickets, including unclaimed
20 refunds, shall be distributed equally between the association or fair
21 that accepts wagers on the transmitted race, and the horsemen, in
22 the form of purses. The purse moneys generated by this
23 subdivision shall be made available for purses during the meeting
24 in which they are received by the association or fair, or, if the
25 association or fair is not then conducting a live racing meeting,
26 during the next succeeding meeting of the association or fair.

27 (e) All wagers made pursuant to this section shall be considered
28 to have been wagered at a satellite wagering facility and shall be
29 excluded from total handle for the purposes of Section 19611.

30 (f) Notwithstanding Section 19530.5, satellite wagering
31 facilities operated by a fair, in the Counties of Fresno, Kern, or
32 Tulare shall be considered northern zone facilities and shall
33 receive their audiovisual signal from the association or fair
34 conducting a racing meeting in the northern zone that is authorized
35 to distribute the signal and accept wagers on central and southern
36 zone races. Satellite wagering facilities operated by a fair, in the
37 Counties of Santa Barbara or Ventura shall be considered
38 central-southern zone facilities and shall receive the audiovisual
39 signal from the association or fair conducting a racing meeting in

~~the central or southern zone that is authorized to distribute the signal and accept wagers on northern zone races.~~

~~(g) All purse moneys derived from wagering on out-of-zone races at fair racing meetings shall be distributed to all breeds of horses participating in the fair meeting in direct proportion to the purse money generated by breed on live races conducted during the fair race meeting.~~

~~(h) During calendar periods when both a fair and a thoroughbred association conduct live racing, the amounts deducted under this section shall be distributed on any day of overlap as provided in Section 19607.5, except that the applicable state license fee shall be at the rate specified for nonfair meetings in subdivision (b) of Section 19605.7.~~

~~(i) During calendar periods when a thoroughbred association and a fair, or a thoroughbred association and any other breed association are conducting a racing meeting in the same zone, the thoroughbred association shall be the association authorized to distribute out-of-zone, out-of-state, or out-of-country thoroughbred or fair races, except that the thoroughbred association may waive this right and allow the other breed racing association conducting a race meeting to distribute the signal and accept wagers on out-of-zone, out-of-state, or out-of-country thoroughbred or fair races for any racing day or days. For the purposes of this subdivision, the combined central and southern zone shall be considered one zone.~~

~~(j) In order to ensure, to the extent possible, that out-of-state and out-of-country simulcasting, furthers the purposes of this section, a committee made up of one representative from each of the then operating thoroughbred associations or fairs that are conducting a live racing meeting in the state and one representative of the organization responsible for negotiating purse agreements on behalf of the horsemen participating in the meeting shall do the following:~~

~~(1) Determine the out-of-state or out-of-country thoroughbred races to be imported on a statewide basis pursuant to provisions of this chapter.~~

~~(2) Ensure, to the extent possible, that the fees charged by out-of-state or out-of-country entities for these signals are at the lowest obtainable rate and at the same rate statewide, in order to~~

1 maximize the revenue available to in-state associations and fairs
2 and their horsemen.

3 (3) Ensure, to the extent possible, due to the reciprocal nature
4 of the interstate simulcasting business, that the maximum
5 obtainable revenue is generated by the sale to out-of-state entities
6 of the audiovisual signal of races conducted in this state by
7 thoroughbred associations and fairs.

8 (4) Ensure that program information requirements for in-state
9 signals comply with the standards of the board, but provide that
10 abbreviated program formats may be used for races imported from
11 another zone or other jurisdictions.

12 (k) Notwithstanding any other provision of law, any
13 thoroughbred association or fair, when operating a live racing
14 meeting, shall distribute the signal of all races conducted by, or
15 disseminated by, that association or fair to, and accept wagers on
16 these races from, any association that is licensed to conduct a live
17 quarter horse or harness racing meeting in Orange County and that
18 conducted such a meeting in 1998.

19 *(l) Notwithstanding any other provision of law, all associations*
20 *or fairs when operating as eligible satellite wagering facilities*
21 *shall be in compliance with, and subject to the provisions of,*
22 *Article 9.2 (commencing with Section 19605) of this chapter, and*
23 *shall display the signal and accept wagers on all live races*
24 *conducted in this state without regard to breed. Notwithstanding*
25 *the foregoing provision, a thoroughbred racing association*
26 *located in the City of Arcadia is exempt from these requirements*
27 *for live harness and quarter horse races conducted at night unless*
28 *the thoroughbred racing association facility is open for business*
29 *at that time and is accepting wagers on other night signals*
30 *pursuant to this chapter. Further, satellite wagering facilities*
31 *located at fairs may, but are not required to, accept an audiovisual*
32 *signal on out-of-state or out-of-country races unless the facility is*
33 *open for business at the time and accepting wagers on other*
34 *signals pursuant to this chapter.*

35 SEC. 3. Section 19610.8 is added to the Business and
36 Professions Code, to read:

37 19610.8. Notwithstanding any other provision of this chapter,
38 and in lieu of any other deduction or distribution provided for in
39 this chapter, the total percentage deducted from a proposition
40 parimutuel pool shall be 10 percent of the total amount handled in

1 the parimutuel pool for those wagers, or, at the request of the
2 association accepting the wager and with the approval of the board,
3 any other percentage deducted in accordance with a provision of
4 this chapter. With regard to proposition wagers made outside of
5 this state, the applicable state license fee shall be the fee specified
6 in Section 19602. With regard to proposition wagers made within
7 this state, the applicable state license fee shall be the lesser of 0.5
8 percent of the total amount handled or the license fee applicable
9 to races conducted by the association at its own meeting. In
10 addition, if the wager was placed at a satellite wagering facility, the
11 amount specified in the applicable provisions of Sections 19605.7,
12 19605.71, and 19605.72 shall be paid to that facility as a
13 commission for the right to do business. After the distribution of
14 funds for breeder awards as required by Sections 19602 and
15 19617.2 and the payment of the license fee and facility
16 commission, the amount remaining shall be distributed 50 percent
17 as commissions to the association that conducts the racing meeting
18 and 50 percent as purses to the horsemen participating in the racing
19 meeting.

